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WEATHER DATA APPEAR ON PAGE 16

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## U.S., Soviet Agree On Talks Format For Geneva Meeting

By Lou Cannon  
Washington Post Service  
WASHINGTON — U.S. and Soviet diplomats have agreed on a preliminary format for a Geneva summit meeting, which President Ronald Reagan intends to use partly as a forum to forcefully question Soviet military and human rights policies, a senior Reagan administration official said.

## 14 Killed In Attacks In Sri Lanka

The Associated Press  
COLOMBO, Sri Lanka — At least 14 persons, including five policemen, were killed in the northern town of Vavuniya when Tamil guerrillas attacked a police patrol and the police staged a reprisal assault, officials said.

The attack occurred Saturday, two days before the resumption of peace talks between Tamil separatists and the government. It was the most serious incident involving security forces since a June 18 ceasefire agreement between the government and the separatists.

None of the major guerrilla groups claimed responsibility for the attack, which was seen as an attempt to sabotage the next round of peace talks, which is to begin Monday in Thimphu, the capital of Bhutan.

A senior government official said that the rebels detonated a bomb in a tractor parked near the Vavuniya rail station as a police jeep drove by, then opened fire with guns.

One policeman died in the explosion and four were shot to death, the official said. Vavuniya residents said that the police then made a reprisal assault in a Tamil area, killing nine guerrillas.

The official said that there were nine dead in the second assault. "Certainly there have been reprisals after this kind of attack," he said.

The guerrillas blew up buildings on a state farm and raided the main government office in the northern city of Jaffna, officials said, according to a Reuters report from Colombo. The officials said that no injuries were reported.

The Tamils, who are mostly Hindu, have been waging a campaign in Sri Lanka's northern and eastern provinces to establish a homeland separate from the central government, which is dominated by the majority Sinhalese. Most of the Sinhalese are Buddhists.

The talks in Thimphu were arranged by India following a meeting in June between Prime Minister Rajiv Gandhi of India and President Junius R. Jayawardene of Sri Lanka.

Six Tamil groups were scheduled to participate in the Bhutan talks. The government delegation was to be led by Hector Jayawardene, the president's brother. The Foreign Ministry, responding to criticism that no cabinet ministers were included, said Saturday that Mr. Jayawardene's brother had been given "full powers" to represent the government.

The government has rejected most of the Tamil demands, saying that they amount to a blueprint for a separate state.

Sources said that Bhutan was chosen as the site for the talks to restrict outside pressure from hard-liners on both sides.

Japan has achieved in defeat much of what it sought in the war, but still sees itself as a society living on the edge. Part one of a series.

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# Herald Tribune

Published With The New York Times and The Washington Post

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ESTABLISHED 1887



A man kicks the body of a black soldier who was stoned to death and burned by funeral-goers at the burial of a slain

civil rights lawyer, Victoria Mxenge, on Sunday at Rayi township, in the South African tribal homeland of Ciskei.

## Policy Could Harden, U.S. Warns Pretoria

By Gerald M. Boyd  
New York Times Service  
WASHINGTON — The Reagan administration has told South African officials that an "emotional climate" exists in the United States that could harden U.S. policies toward that country, a senior administration official has said.

The official said Saturday that this view was presented during a meeting Thursday in Vienna of high U.S. and South African officials. The senior U.S. official said he had presented the assessment to South African officials to acquaint them with what he called the realities in the United States, including

the possibility that Congress might pass economic sanctions against South Africa despite the opposition of President Ronald Reagan.

The official steered reporters away from reports that the lifting of South Africa's state of emergency and the freeing of Nelson Mandela, the anti-apartheid leader who has been imprisoned for more than 20 years, were included in the measures discussed by Robert C. McFarlane, President Reagan's national security adviser, and Foreign Minister R.F. Botha of South Africa.

(Mr. Botha said Saturday on his return to Johannesburg that his

government wanted to release Mr. Mandela but had not agreed on the terms, the Los Angeles Times reported. "There are members of the South African government who believe he has been in jail for many years and ought to be set free," Mr. Botha said of Mr. Mandela. "The question now is how."

[The government has offered to free Mr. Mandela if he would renounce violence in the fight against apartheid, but Mr. Mandela, 67, has refused to accept any conditions for his release.

Questioned about reports that he had informed U.S. British and West German officials that Mr.

Mandela would be freed shortly as part of an effort by the government to end nearly a year of civil unrest, Mr. Botha said: "We certainly discussed the subject of Mr. Mandela, but I certainly did not inform them that he would be released, as they put it, unconditionally."

The senior U.S. official said Mr. Reagan had no plans to change his policy of "constructive engagement," which has focused on diplomatic pressures rather than strong public criticism and economic sanctions. But he also said he had presented what he called a "realistic portrayal of the facts" about the

(Continued on Page 2, Col. 6)

## Mourners Kill Black Soldier In South Africa

Compiled by Our Staff From Dispatches  
KING WILLIAM'S TOWN, South Africa — Black mourners, aroused by funeral speeches calling for the violent overthrow of white-minority rule, stoned a black soldier to death and burned his body Sunday.

The incident occurred near the end of an otherwise peaceful ceremony for Victoria Mxenge, a civil rights lawyer from Durban whose murder Aug. 1 touched off riots that killed more than 60 blacks and injured about 500 last week in that city. The police and a hospital in Durban reported nine additional deaths overnight.

There was further strife between blacks and Indians in Inanda township near Durban, where about 30 persons were killed in clashes on Friday.

Perched in trees and standing on a dusty field, 10,000 mourners near King William's Town heard Steve Tshwete, who gave one of the speeches, declare, "If we have to shoot to get our liberation, we are going to shoot."

Robin Gwete, an official of the black South African Allied Workers Union, said, "There comes a time when people have to fight or submit. We cannot submit."

As mourners walked across a road to take the body to a cemetery a half-mile away, a truck carrying three black soldiers approached, apparently disinterested in the funeral and en route to another destination. The crowd pelted the truck with stones, breaking every window.

One policeman jumped out and tried to run away. He fell under a hail of stones about 200 yards (about 180 meters) from the funeral site. Youths piled branches on his body and burned it. They pushed back reporters and shouted, "No photos."

Last month a black woman, ac-

cused of collaboration with the South African police, was similarly killed and burned. Television pictures of her death were used by the government to help justify the proclamation of a state of emergency in parts of the country.

The other two soldiers, brandish-

ing an automatic rifle, drove through the crowd and escaped.

The soldiers belonged to the forces of Ciskei, a tribal homeland declared independent by South Africa but unrecognized by the rest of the world.

The funeral took place in Rayi township, a Ciskei community four miles (about 7 kilometers) from the rural white center of King William's Town.

Flags of the exiled African National Congress, the main guerrilla movement conducting a sabotage campaign against white control, were tied in trees. The crowd raised fists and chanted, "Viva ANC, viva comrade Oliver Tambo, viva Nelson Mandela."

Mr. Tambo is president of the African National Congress and Mr. Mandela, serving a life sentence for conspiring against the government, is regarded by most blacks as their main political leader.

Meanwhile, in Inanda, a peace rally attended by several Indians and thousands of Zulus who carried spears, shields and guns broke up in chaos.

Leaders of the Zulu Inkatha group loyal to Chief Gatsha Buthe-

(Continued on Page 2, Col. 7)

## U.S. Stealth Bomber Is a 'Flying Wing,' Goldwater Says

By Wayne Biddle  
New York Times Service

WASHINGTON — The secret Stealth bomber being developed by the U.S. Air Force is the shape of a flying wing, essentially an aircraft with no fuselage or tail, according to Senator Barry Goldwater, who has provided the first public confirmation by a government official of the bomber's design.

Mr. Goldwater, a Republican of Arizona who is chairman of the Senate Armed Services Committee, said through an aide that he saw a full-scale model of the warplane a year ago and would examine it again next week on the West Coast. The Stealth which is to succeed the B-1 bomber in the 1990s.

"It does look like a flying wing," the aide, speaking Friday, quoted Mr. Goldwater as saying. Mr. Goldwater added that the air force would soon begin to build a working prototype for test flights, the aide said.

There has been intense speculation about the unconventional flying-wing design in technical journals for several years. But the Defense Department has kept tight security over the Stealth program since its existence was disclosed by the administration of President Jimmy Carter in 1980.

The flying-wing design is thought to offer the least detectable shape to radar, as there would be no high tail or broad fuselage to reflect incoming radar signals.

The Northrop Corp. in Los An-



The XB-35, a 'flying-wing' bomber built by Northrop in the 1940s.

The first flying-wing aircraft of the 1940s caused a controversy among engineers and military observers. Designers now believe computer-aided flight controls will solve stability problems.

gles is the prime development contractor for the new aircraft. Northrop built and flew flying-wing military aircraft in the 1940s, but an air force plan to acquire large fleets of flying wings was never achieved.

Like the B-1, the Stealth bomber is designed to fly through enemy air defenses and drop nuclear bombs. The B-1 would rely mostly on low-level flight and electronic jamming to evade detection by defensive radars for as

long as possible. But a flying-wing Stealth bomber would take advantage of its thin profile and new, radar-absorbent structural materials to attract far less notice than the B-1.

The Pentagon has yet to disclose any cost figures for the Stealth bomber, which is officially called the Advanced Technology Bomber. Wall Street analysts estimate that Northrop has received \$1 billion annually from the Stealth program.

"By taking a more conventionally designed airplane like the B-1, fundamental limitations exist as to how much you can do to reduce the radar signature," the air force officials wrote recently in a rare comment on the Stealth bomber. "Radar signature" is a term used by the military in reference to the detection of radar signals.

A Northrop official said Friday that the company was building a new facility for the air force at a

desert airfield in Palmdale, California, about 50 miles (80 kilometers) north of Los Angeles. The space shuttle orbiter and a number of military aircraft, including the B-1 bomber, have been built in Palmdale.

While the Pentagon budget for developing the new bomber has been hidden among other secret programs, some members of Congress familiar with the project have expressed alarm about its magnitude.

The B-1 program has been limited by Congress to 100 bombers. They are now entering service at a cost of \$200 million apiece. Estimates given to Congress indicate each Stealth bomber might, at least in initial production, cost three times that amount.

The first flying-wing aircraft built by Northrop in the 1940s caused a controversy among engineers and military observers.

The planes, one of which is in the Smithsonian Institution's Air and Space Museum here, had stability problems and, when propelled by jet engines, demonstrated only a marginal range for bomber missions.

With modern, computer-aided flight controls, engineers now believe the stability problems that plagued flying wings in the past can be solved.

Range and weapon-carrying capacity, however, remain difficult issues, experts say. But the allure of a bomber able to evade radar detection has led designers to accept compromises that might otherwise be judged intolerable.

106 Are Treated  
In Leak in U.S. at  
Union Carbide

The Associated Press  
INSTITUTE, West Virginia — A chemical leak Sunday at a Union Carbide plant in Institute caused six employees to be hospitalized, sent 100 area residents to an emergency treatment center and trapped thousands indoors for two hours.

An unknown quantity of aldicarb oxime, the main ingredient in a pesticide called Temik, leaked from a unit at the plant shortly before 10 A.M. when a valve failed, according to Dick Henderson, a Union Carbide spokesman.

Mr. Henderson said the chemical is made from methyl isocyanate, the ingredient that leaked from a plant in India last year, killing more than 2,000 people. But the chemical did not contain any of the deadly methyl isocyanate itself.

Officials said that people exposed to the fumes reported burning eyes, nausea and shortness of breath.

## Uganda Sets Peace Talks, Frees 1,203

Reuters

KAMPALA, Uganda — The government of Uganda, which took over after the overthrow of President Milton Obote on July 27, says it has freed more than 1,000 political detainees. It also has announced that peace talks would be held Tuesday in Tanzania with the country's main rebel group.

Lieutenant General Tito Okello, head of the ruling military council, said Saturday that a government delegation would hold talks with those "who do not want to join hands with the government," a reference to the rebels of the National Resistance Army led by Yoweri Museveni, a former defense minister.

General Okello spoke to a crowd estimated at 50,000 at a ceremony in the central square of Kampala. He said that 1,203 detainees had been released.

He did not say where the talks would be held, but the independent Star newspaper said the conference would take place in Arusha, in northern Tanzania. The National Resistance Army had suggested Arusha as a possible site for the talks. There was no immediate response to the announcement from the resistance group.

The insurgents led by Mr. Museveni have been angry at the way General Okello set up a new administration after Mr. Obote was deposed. To date, the group had refused appeals to work with the military government and to attend peace talks originally scheduled for Monday in Kampala.

Paul Ssemogerere, minister of internal affairs, said the release of the detainees held under Mr. Obote's four-year rule was "only the first sign of a wind of change in the relations between the government and the people in Uganda in the field of human rights."

Mr. Ssemogerere said that, since the coup, about 100 members of the former regime's National Security Agency had been detained "and they are not being tortured."

He said the agency under Mr. Obote had "distinguished itself in committing atrocities against innocent people" but added that the government would not keep agents in custody "one day longer than is strictly necessary."

Among those freed was Professor Yoweri Kyememba, a former member of the Democratic Party of Mr. Ssemogerere. Mr. Kyememba was acquitted of charges of helping the rebel groups two and a half years ago but had been detained under Mr. Obote's security laws.

Western diplomats believe there had been at least 1,000 such detainees.

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### INSIDE

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Highway robbers have begun ambushing motorists on Miami expressways. Page 3.

Soleiman Franjeh called for a spirit of reconciliation among Lebanese Christians. Page 5.

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Unrest in South Africa has created unease in the strategic metals market. Page 7.

### TOMORROW

Japan has achieved in defeat much of what it sought in the war, but still sees itself as a society living on the edge. Part one of a series.

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## PERSONAL INVESTING

## INVESTOR'S Notebook

## Upbeat in London

Some London analysts say the Stock Exchange is poised for another rally. Their upbeat view is based on the belief that the pound, despite some recent setbacks, will remain firm enough for the Thatcher government to lower interest rates further. This comes as welcome news to investors who saw share prices retreat in June largely because of the heavy volume of new equity issues. A drop in export earnings as the pound strengthened earlier this summer also moved the market. "With U.K. interest rates and bond yields trending down, we're much happier," acknowledged William Bain, an analyst at Wood Mackenzie.

Nevertheless, analysts are advising investors to stay away from exporters and look to consumer issues, such as retail stores. Marks & Spencer, British Home Stores and Sear's Holding are on the buy list of many brokerage houses. Dees Corp., a food retailer, and Dixons PLC, an electrical retail chain store are also mentioned by analysts. For those willing to take a chance that the pound will not make further gains on the dollar, Nicholas Knight, an analyst at James Capel & Co., suggested BAT Industries, the tobacco and retailing group, and ICI in the chemical sector. Both have fairly low price-earnings ratios.

analyst at James Capel & Co., suggested BAT Industries, the tobacco and retailing group, and ICI in the chemical sector. Both have fairly low price-earnings ratios.

## Cola Wars Revisited

Among beverage analysts, Coke is still it. The leading soft-drink producer fumbled badly earlier this year when it retired its original formula in favor of a recipe that met with strong disapproval among American consumers. In a turnabout, the company reintroduced its 99-year-old drink as "Coca-Cola Classic," which is now sold along with the new Coke. But the impact of Coca-Cola's marketing snafu on its stock price will be minimal this year and may even be positive next year, according to George Thompson, an analyst at Prudential-Bache.

Mr. Thompson bases his assessment on the fact that Coca-Cola's foreign markets, which account for 50 percent of its revenue and were not affected by the formula switch, continue to be healthy. In addition, "Coca-Cola Classic" should prove to be an efficient item requiring only limited marketing effort, explained Mr. Thompson, since its reputation is well established. When the new formula is introduced abroad next year, "its marketing will have already been fine-tuned" in the United States, he said.

## American Gold Option

The U.S. Treasury may soon find itself a major player in the gold coin market. Proposed congressional economic sanctions against South Africa would not only ban further imports of the Kruggerand, but would also direct the U.S. Treasury to begin minting billion coins for the first time since 1933.

The gold coins would presumably be traded in the same manner as South Africa's Kruggerand and Canada's Maple Leaf. The American coins would be designed to match the dimensions, weight and gold content of Kruggerands, which are available in denominations of one tenth of a troy ounce, one quarter, one half, and one troy ounce.

There are no official estimates of the potential demand for an American gold coin. But the increasing unrest in South Africa has hurt demand for the Kruggerand and increased the sales of its primary competitor, the Maple Leaf.

## Gilt-Edged Copycat

The success of CATS and TIGRS, the zero-coupon instruments backed by U.S. Treasury securities, was bound to produce imitators. But last week's effort in London to introduce a similar instrument, STAGS, based on British government bonds, known as gilts, showed that some financial concepts do not travel well.

The avowed purpose of the sponsor, Quadrex Securities, was to offer offshore investors a new way to invest in British pounds. Because British regulations make zero-coupon instruments "tax horrible" for onshore investors, as one banker put it, there is virtually no domestic market. But even offshore interest did not appear overwhelming, with all but one of the 27 series of STAGS ending the week below their issue prices. In the longest maturity, STAGS yielded about 10.35 percent on an annual basis.

Bond-market participants cited several reasons for investor reticence, including mispricing. The issue also seemed badly timed, others said, coming as many investors were taking profits on a big rise in sterling's value.



Grumman jets being built. Strategic metals are used in aviation.

## The Uneasy Market In Strategic Metals

Pollution policy and politics stir interest in a depressed sector

By Bruce Hager

WHILE last week's strike threat by miners in South Africa had most metal analysts debating the long-term implications for gold prices, a number of experts were expressing concern about a less fashionable metal — rhodium. A member of the platinum group, this silvery white metal is rarely thought of as a precious metal, but can be significantly more valuable.

A heat-resistant metal used in plating electrical circuits and in reducing auto-exhaust emissions in catalytic converters, rhodium is a so-called "strategic metal." This term is applied to a range of substances that are distinct from precious metals and nonferrous metals such as copper because of their limited supply and critical industrial and military applications, most notably in the construction of aircraft and missiles.

The distribution of these metals also has geopolitical implications. Most of the world's known reserves are in the Soviet Union and a handful of African nations. Questions about the reliability of supplies have played havoc in the market intermittently since the late 1970s.

The recent unrest in South Africa, one of the biggest producers of rhodium and other key industrial metals, has again focused attention on strategic metals. The market has lost much of its luster for investors since the booming metals market of the late 1970s, but it continues to attract a handful of individuals who hope to cash in on its volatility.

Although a strike on Aug. 25 by the National Union of Mineworkers in South Africa would primarily affect gold, diamond and coal mines, analysts are not discounting peripheral incidents at platinum mines that would also affect rhodium prices. To date, such fears have not affected rhodium

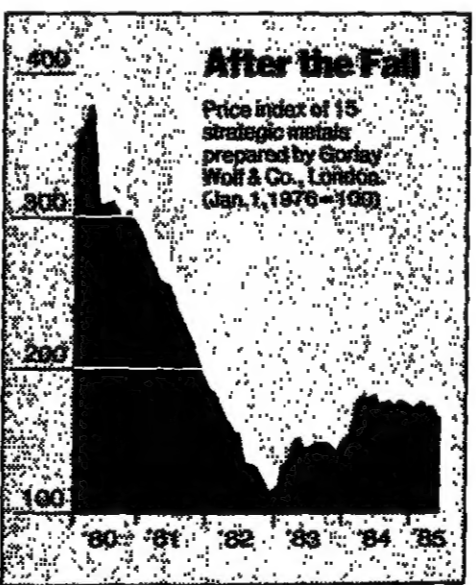
um or the prices of other strategic metals mined in South Africa, such as vanadium, manganese and chromium. But the current unease about rhodium supplies is understandable.

Political factors have created market shortages and panic in the past. The best example was in 1978 when a group of guerrillas attacked the mining town of Kolwezi in Zaire, a center for cobalt production. With about 50 percent of the world's cobalt reserves in Zaire and neighboring Zambia, fears of a shortage of this tough, lustrous metal used in the production of jet engines, drove the price of cobalt from \$6.85 a pound to \$45.

Like most commodities, the market for strategic metals has been bearish for the past couple of years. Even cobalt prices have slipped to around \$11.50 a pound, and some analysts believe these and other metals prices could remain steady for some time if the South Africa political situation is resolved.

"No producer of any metal likes to have violent

(Continued on Page 8)



## ECU Comes of Age For Global Investing

A sagging dollar boosts its appeal for bond investors

By Colin Chapman

ABOUT five years ago, a handful of French and Italian companies hit upon the idea of issuing international bonds denominated in the European currency unit, the artificial currency that reflects the value of nine currencies of the European Community. The securities found ready buyers among one group of Eurobond stalwarts.

"It was the individual, conservative Belgian investor — the Belgian dentist — who bought them," recalled Pierre Jaegly, manager of Cedel, the Eurobond clearing service in Luxembourg. When it came to European currencies, he noted, Belgian bond investors were skeptical of the stability of such high-interest currencies as the French franc and the Italian lira and indifferent to the low interest rates on bonds in stronger currencies such as the Deutsche mark. With ECU bonds, "they received higher yields than on the Deutsche mark and still had stability," Mr. Jaegly noted.

Lately, as the dollar sags, investors far beyond Belgium and Luxembourg are discovering the attractions of the ECU (about 78 cents). Although the continued high yields and security of dollar-denominated bonds discourage large-scale defections, investors with substantial portfolios in dollar securities are weighing the advantages of at least a modest diversification into other currencies. For these investors, the ECU has obvious benefits.

A study by Bank Julius Baer found increased interest in ECU securities among investors in the United States and Germany, and Mr. Jaegly says Japanese institutions are taking notice. Currency

funds and U.S. institutions in particular have begun to appreciate the "fantastic diversification it offers against the dollar," reported Leon Kirps of Credit Suisse First Boston.

The new interest in the ECU fits in with the view of some professionals that fixed-income instruments make more sense than common stocks when it comes to strategies for cashing in on currency moves. They note that returns on common stocks reflect the fortunes of individual companies. A shift in value in a country's currency can have widely different effects across the spectrum of industrial activities, complicating the task of sorting out the winners from losers in common stocks.

The returns on fixed-income instruments such as bonds are more directly linked to broad economic trends rather than to specific industrial or corporate developments. Thus they are regarded as "pure" plays on currency moves.

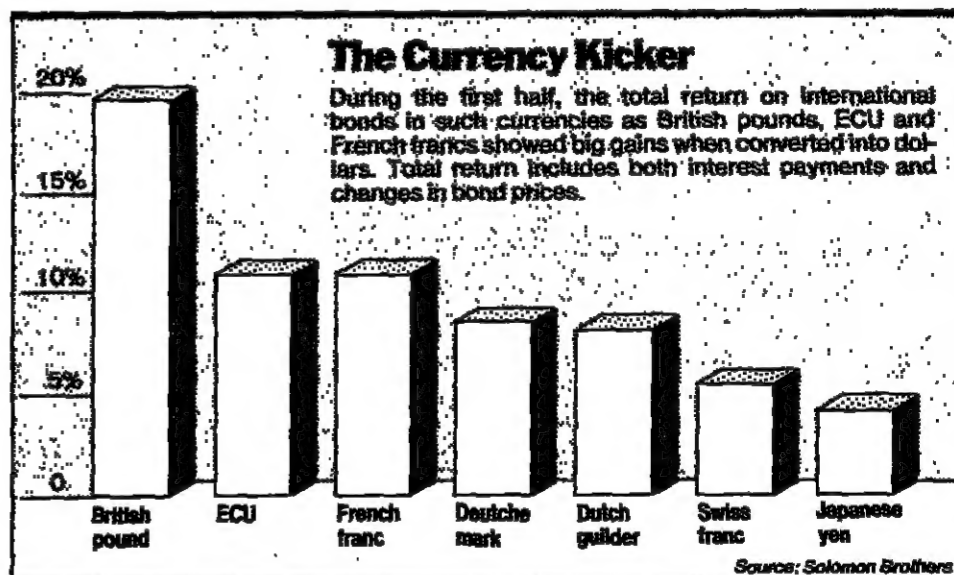
The snag is that most major alternatives to the dollar have flaws. Few investors are willing to abandon the high coupons on dollar bonds for the meager returns on bonds in Deutsche marks or yen. While bonds in British pounds offer more generous coupons than dollar securities, the wild gyrations of sterling unsettle many investors.

With the ECU, investors can avoid such tough choices by, in effect, using a weighted basket of all European currencies. The ECU stands to gain nearly as much as the Deutsche mark in periods of dollar weakness, say the professionals, yet the yields on ECU bonds are substantially higher than on Deutsche mark bonds.

According to Salomon Brothers, the investment firm, the average yield to maturity on 10-year ECU Eurobonds was about 9.04 percent at the end of July. That was about 2.3 percentage points above the yields on Deutsche mark bonds and about 2.4 percentage points below the yields on Eurodollar bonds.

The reasons lie in the weightings assigned to the nine currencies in the ECU. The formula gives heavy weighting to such widely held currencies as the Deutsche mark and British pound. But inclusion of more narrowly held currencies such as the

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## THE BOURSES

## Discount Brokers Lure Investors Outside U.S.

By Barbara Rosen

WALL Street's "big bang" of 10 years ago, which ended the era of fixed brokerage commissions, gave birth to new type of no-frills firm that offered to make trades for investors at fees far below those of the big-name "wire house" brokers. By forgoing research and other services, these discount firms kept costs low and passed the savings along to investors as reduced commissions.

Over the years, the discounters became a permanent feature of the U.S. financial scene, with other institutions such as commercial banks and mutual funds also offering stripped-down trading in stocks. The U.S. Securities Industry Association estimates that discounters, which now include some firms that offer minimal advisory services and whose fees are only marginally below those of full-service firms, handled 19.2 percent of the trading volume on U.S. exchanges last year.

Partly because most discounters do not maintain offices abroad, this way of trading U.S. stocks has been generally inaccessible to investors outside the United States. The uncertainties of dealing by telephone, problems of time zones and unfamiliarity with the discount approach discouraged investors abroad, who tended to trade through the foreign branches of U.S. full-service brokers or through a bank. But recently, the discounters appear to be taking steps to lure the business of investors in Europe and Asia.

"We'd like to be able to serve investors around the world," said Hugo Quackenbush, senior vice president of Charles Schwab, a subsidiary of BankAmerica Corp. Schwab, the largest U.S. discount broker with more than

one million accounts, already has an office in Hong Kong and hopes to expand into Europe next year, possibly to Britain or West Germany, he said.

Quick & Reilly, another big U.S. discount broker, hopes to offer computerized trading services and a stock information package to investors outside the United States. Using a modem, an investor who has a personal computer could tap the services through phone lines. Leslie Quick 3d, vice president of the firm, said a handful of investors outside the United States are already using the service.

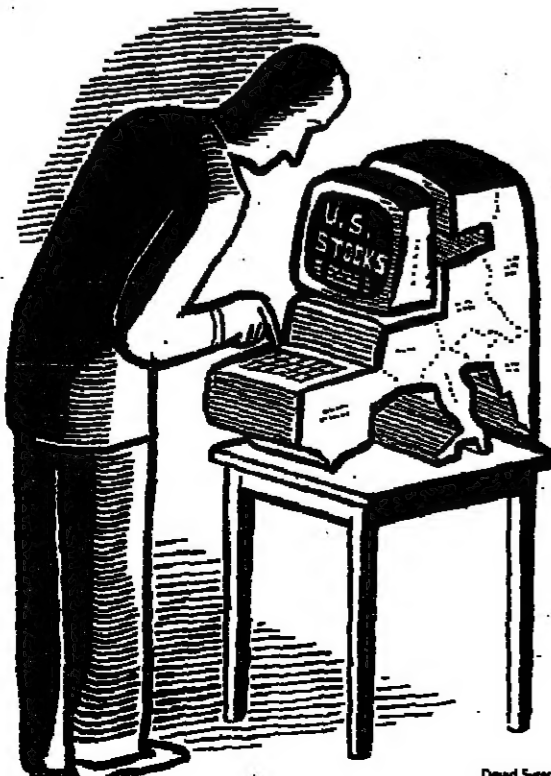
But the trailblazers in the field appear to be offshoots of smaller U.S. firms such as Andrew Peck and Eastern Capital. Eastern has been in London for four years, and Andrew Peck opened its office last spring. Matthew Shaloo, a vice president of Andrew Peck, said the firm wanted to be closer to its clients. Trans-Atlantic telephone calls are fine "until some small thing goes wrong and you can't go down and talk to the person," he said.

Investors who feel savvy enough to pick their U.S. stocks without the research and advice offered by the full-service brokers can roll up big savings by using discounters. "There's a pretty enormous difference in terms of the commission rates," says Walter Prime, an American who is managing director of Prime Grieb & Co. in London, a corporate finance firm. "I would reckon the savings is generally 50 percent."

"It's absolutely crazy for someone to be paying much, much higher commissions if you don't need the big firms," he said. "And frankly, you'd do better using a dart board than some full-service brokers."

A quick check of various commissions for trading 100 shares of stock costing \$50 each gave some sense of the

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# Swiss Rules Squeeze the Lakeside Scenery Market

Without some clout, foreign buyers face major complications

By David Tinnin

**S**UPERB scenery is Switzerland's most saleable commodity, and nowhere is it in greater demand than along the vineyard-lined shores of Lake Geneva. Freddy Heineken, the Dutch beer baron, owns a villa there. So does King Fahd of Saudi Arabia, Audrey Hepburn, the conductor Mstislav Rostropovich and a host of the world's rich and famous.

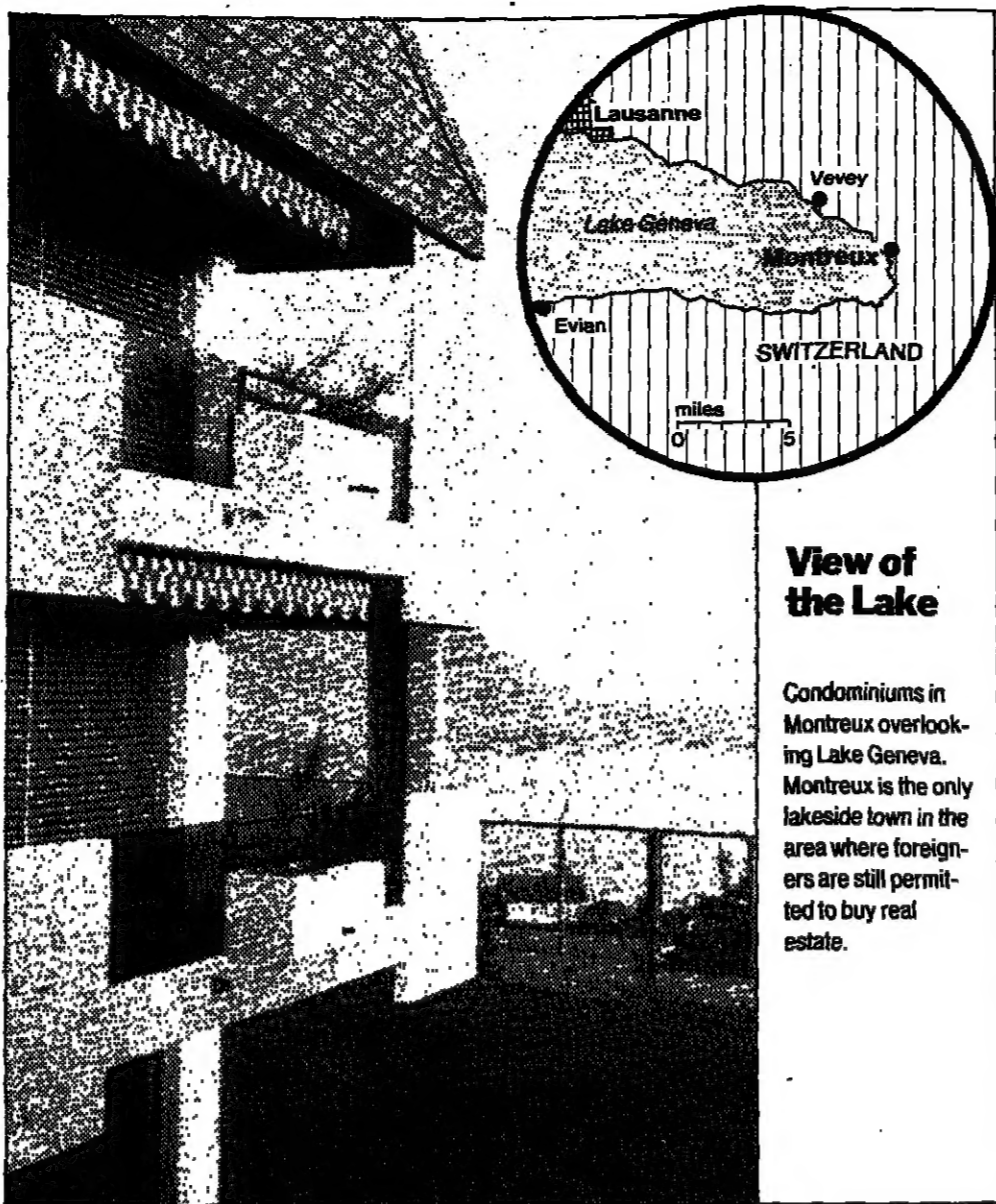
Yet for foreign real estate investors looking for lakeside property, Switzerland may not be the "golden island" that Swiss bankers describe. The problem is, so many non-Swiss have bought property along Lake Geneva that the Swiss themselves feel squeezed out. As a consequence, the federal government has enacted restrictive laws that are putting a tight squeeze on foreigners who want to enjoy the scenic panoramas, mild climate and well-policed tranquility of Switzerland's Riviera.

Lake Geneva with its international flavor remains the prime real estate attraction in Switzerland. Property appreciation rates average 6 percent to 8 percent a year compared with a Swiss inflation rate of about 3 percent. But under current regulations, most lakeside towns are closed to foreign purchasers. The total number of dwelling units to be sold to non-Swiss buyers this year is limited to 200 in the lakeside Canton of Vaud, which includes such towns as Montreux, Lausanne, Morges, Nyon and Rolle.

Swiss officials, real estate agents contend, divide potential buyers into two categories: the rich and famous, whose presence brings wealth and prestige to Switzerland, and others, whose entry should be scrutinized and drastically limited in numbers.

For the potential buyers who are judged in Bern to belong to the desired category, the usual barriers to real estate ownership mysteriously disappear, agents say. Suddenly, an authorization materializes to buy this or that old chateau for a sum ranging from 3 million to 5 million Swiss francs (\$1.25 million to \$2.1 million).

Even then, Swiss real estate agents say, the buyer is well advised to spend a sizable amount of time and money in the country as evidence of his appreciation. While on visits to Geneva, one can see European billionaires regularly park his Rolls-Royce illegally so that the tickets, duly recorded in police computers, will bear testimony to his presence in Switzerland.



View of the Lake

Condominiums in Montreux overlooking Lake Geneva. Montreux is the only lakeside town in the area where foreigners are still permitted to buy real estate.

For other would-be purchasers, the opportunities are limited and less glamorous. The Swiss government's aim, observers say, is to drive the newcomers into areas already heavily populated by foreigners. The only lakeside city still open to non-Swiss purchasers is Montreux, about 53 miles (85 kilometers) from Geneva at the lake's eastern end. One of

Switzerland's traditional tourist attractions, Montreux is a bustling convention center, host to the annual jazz festival and the classical September Musical, as well as home to dozens of finishing schools for girls and rejuvenation clinics for men. Since Montreux is wedged between the lake and the Alps, the level area suitable for construction is so

scarce that already the city is becoming overbuilt. Of the two most attractive new buildings currently offering apartments to foreigners, one is tightly placed between older, less attractive buildings, and the other is perched high upon the steep mountain-side, a location that offers a fantastic view but poses daunting transportation problems.

Purchase prices in Montreux rival those in Manhattan. For a three-bedroom apartment, the buyer must pay at least \$250,000 to \$350,000, depending upon the height of the floor and the view. An apartment with a lake vista commands a premium of 20 percent or so above one on a lower floor that looks out only on neighboring buildings. Moreover, foreigners may face fees for additional paperwork and services that could add 5 percent to 10 percent to the base price.

Those are not the only extra costs. The annual maintenance and bill-paying services provided by the building administrator amount to about 1 percent of the initial purchase cost. The apartment owner must also pay a small charge for fire insurance. More significantly, the foreigner is hit with less advantageous financing arrangements than his Swiss neighbor. While the Swiss may take out a first and second mortgage for up to 80 percent of the purchase price of a new dwelling at less than 6 percent interest, the foreign buyer usually can raise no more than 50 percent of the price on a single first mortgage and the rate is no less than 6.5 percent.

**T**HERE are other financial disincentives. The foreign owner of a Swiss apartment cannot recover some expenditures by subtracting the property for long periods. The Swiss police, who keep a discreet but watchful eye on new foreign buyers, tolerate at most only subleases of two or three months. Furthermore, for at least three weeks each year, the owner or his immediate family must live in the apartment.

Paradoxically, ownership of an apartment does not entitle the purchaser to a coveted Swiss residency permit. Like other tourists, the apartment owner may stay in the country for three months without a visa, but then must leave for at least a few days before re-entering.

Also, for the first five years after the purchase, the owner is forbidden from selling the property. After that, it can only be sold to a Swiss. Since real estate is plentiful and unrestricted for domestic buyers, a Swiss purchaser is unlikely to be willing to pay the higher price that a foreigner would need to recover his investment.

Despite the disincentives, purchase orders from foreigners continue to pour into Geneva and Lausanne real estate offices. Because of slack oil prices, Arab buyers, once the most active, for the moment have largely dropped out of the market. But their absence is offset by a surge of orders from Hong Kong. Real estate agents say Hong Kong residents are looking for a new haven after China takes over toward the end of the century.

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IHT 6

## FUNDS

### The Perils of Specializing

By Edith Cohen

**A**S investment dollars pour into mutual funds in the United States in record amounts, they are finding their way into what has become a popular product, the specialty fund. These are funds that seem to fly in the face of the conventional wisdom and appeal of mutual funds, namely, that a broadly diversified portfolio, managed by professionals, is the key to success.

Instead, the specialty funds focus on a particular industry, such as health care or utilities, and the investor essentially bets on being able to target an arena for dramatic growth. Although the possibilities for growth may be greater than in a fund diversified across many industries, by the same token, the chance of large fluctuations in net asset value make specialty funds decidedly not for everyone.

The risk-averse investor should stay away, said Jeremy Duffield, vice president for product development at Vanguard Group of Investment Cos., which offers funds that specialize in energy, precious metals, health care, technology and service-oriented stocks. "They are for the more sophisticated investor."

While the specialty funds account for only a small percentage of the total amount invested in mutual funds, they are clearly capturing the imagination of investors. Although as a group their performance this year has been almost identical to the performance of equity funds in general, specialty funds have dominated the list of top performers.

Michael Hines, equity funds product manager for Fidelity Select Portfolios, says the specialty funds represent a "rapidly growing minority among all mutual funds," increasing about 10 percent in the past year. In the four years since Fidelity has been offering specialty funds, Mr. Hines says, well over 100,000 investors have put more than \$1 billion into those at Fidelity alone. In addition to the more popular sectors, Fidelity also offers funds that concentrate in defense and aerospace, leisure and financial services.

The appeal is easy to understand. "By targeting, by being focused, you get all the advantages an individual sector has. Sectors move irrespective of the market," Mr. Hines said, so there is always a sector with something to offer.

Investors tend to choose a specialty through one of three approaches: by choosing an area that is already on the move and that they feel will continue to move; by taking the contrarian view, going "bottom fishing" as Mr. Hines puts it, and choosing an area that is not currently doing well but that seems likely to move next; or by choosing an industry the investor understands well, perhaps one he works in, for example.

### Taking the Narrow View

Average performance of mutual funds grouped by specialty based on change in net asset value, including dividends, from the start of 1985 to July 25.

Specialty	Number of funds	Percent change
Health	5	+33.48
Natural resources	9	+14.89
Science and technology	22	+12.86
Utility	6	+15.40
Gold	16	+4.82

Source: Lipper Analytical Securities

investors to cluster stock purchases around one industry or another. "We tend to see people liking a particular industry, and investors know that industry groups tend to move together," he said.

Given that orientation, Mr. Hines says the specialty funds offer broader diversification than an investor is likely to construct on his own. Moreover, the big fund groups, like Fidelity and Vanguard, allow investors to move in and out among their specialty funds, offering a great deal of mobility at low cost. At Vanguard an investor can move among its sector funds at any time, with no fee. At Fidelity, an investor can switch among the Select Portfolios four times a year at no cost. There is a \$50 fee for additional switches. "All the individual has to do," Mr. Hines said, "is pick the sector."

But that is one point at which specialty funds pick up critics. Glen King Parker, publisher of Mutual Fund Forecaster in Fort Lauderdale, Florida, says the essence of mutual funds is to provide the help of professional management in three basic decisions: market timing, industry concentration and specific stock. "The manager of the [specialty] group," he argued, "is abdicate the responsibility for one of those decisions back to the investor and saying, 'You have to decide on the industry.'"

On the other hand, Mr. Parker sees a decided advantage for fund managers. "From the point of view of the manager, the more specialty funds you have, the better chance you have of one of them being among the top 10 performers. The less diversified a fund is as to the number of industries represented or the number of stocks, the more likely it is to be an 'outlier' in performance," he said. If just one fund is a winner, he says, people will be drawn in the next year, and if one is a loser, "everyone tends to ignore it."

For example, in the first six months of 1985, Fidelity Select's health-care portfolio ranked as the health-care portfolio among mutual top performers, while its technology portfolio was fifth on the list of worst performers, off

3.51 percent, according to Lipper Analytical Services Inc.

Specialty funds also tend to be more volatile than broader mutual funds. In practice, according to A. Michael Lipper, president of Lipper Analytical Securities, "most specialty funds are born after there is good performance. But the period of superior performance for a sector doesn't last as long as a period of superior performance for more generalized funds." And Mr. Parker says that trusting to a specialty fund rather than to the management of a portfolio offered in a general mutual fund merely "assumes that what happened in the past will happen in the future."

**A** GOOD example of the volatility is First Investors Natural Resource Fund. It led Lipper's list of mutual fund winners in the first quarter with an increase in net asset value of 39.53 percent. In the second quarter, the fund was the second-ranked loser, down 15.7 percent.

With such caveats abounding, Mr. Duffield of Vanguard, acknowledged that "specialty funds aren't for everybody, but they meet the needs of the more aggressive investor who follows the market closely, finds an industry appealing and wants to get more diversified play in the future."

The key seems to be how closely an investor is able to watch such funds. Some like to use them when they sense that an industry is about to take off, Mr. Duffield said. "But not everyone is that attentive, and if you don't want to be attentive, you shouldn't be in them," he cautioned. Mr. Hines agrees. "It is not an investment to disregard," he said. "It calls for a watchful eye on the investor's part."

However sophisticated the investor, warns Mr. Lipper, "a specialty fund is not an investment program. It can be part of one, but the balance of other investment and the timing of when to use the specialty fund is the responsibility of the investor."

Mr. Hines agrees. "Ultimately, the decision is always up to the individual, who should always feel strongly about an investment."

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# Watts After 20 Years: Conditions That Underlay Riot Remain

By Judith Cummings  
New York Times Service

LOS ANGELES — An entire generation has grown to adulthood in Watts since rioting there shocked the world two decades ago. Despite efforts to improve conditions, residents still live with high unemployment, gang violence, crowded schools and difficult relations with the police.

"Conditions are as bad or worse in South Central Los Angeles today," as they were at the time of the Watts riots, according to a recent joint city-county report.

Watts, a mostly black section of southern Los Angeles, was struck by burning and looting that began Aug. 11, 1965, and went on for six days, leaving 34 people dead, 1,032 injured, 3,952 under arrest, and \$40 million of property destroyed.

The events were considered an explosion of anger and frustration over joblessness, poor schools and services, physical and social isolation from the city as a whole, and police brutality. It was the worst urban riot in 20 years, foreshadowing similar rebellions to occur a few years later in Detroit, in Newark, New Jersey, and in other American cities.

Today Watts, a community of 52,000, has a new hospital, a civic center, and better bus service. A shopping center, named for the Reverend Martin Luther King Jr., opened last winter and includes the first full-service supermarket in the neighborhood since the riot. But those improvements fail to mask the universe of deprivation that is Watts in the 1980s.

The official adult unemployment rate in Watts climbed to 19.7 percent of the work force in 1980 from 11.8 percent in 1960. The city-county report, a study by each government's human relations commission of conditions 20 years after

## The Arrest That Started the Trouble on 116th and Avalon

The Associated Press

LOS ANGELES — Twenty years after an arrest that sparked the Watts riots, Marquette Frye surveyed the neighborhood and said: "So much has changed. Yet nothing's changed."

"The trees were bigger then," Mr. Frye said last week as he stood on the spot where he was stopped Aug. 11, 1965, on suspicion of drunken driving. "Police cut them back so we couldn't climb up and throw bottles from there."

But 20 years have failed to change the corner of 116th Street and Avalon Boulevard, the center of the riots.

Mr. Frye did not have a job then, and he does not have a job now. Then 21, he was in his mother's 1955 Buick on his way to a church

parking lot to meet some friends when he was stopped by California Highway Patrol officers. It was the last day of his two-year probation for gang activity and strong-arm robbery.

"It was hot, man, real hot," Mr. Frye said. Two officers put Mr. Frye through a sobriety test as his friends looked on and others started to gather. Mr. Frye's mother, Rena Frye, and his stepbrother, Ronald Frye, arrived before Mr. Frye allegedly took a swing at one of the officers.

More officers were called and after a fracas, all three Fryes were arrested and taken to the police station. It was just before 7:30 P.M.

"I got angry when I saw them treat my mother wrong," Mr. Frye said. "Yeah, sure, I swung at

them. I was mad. I didn't swing first like they say."

Accounts circulated that officers mistreated the Fryes. Police denied those reports. The Fryes were released from jail less than a day later and only then, hearing their names on a radio report, learned about the riot.

Then Mr. Frye saw the ashes where the Japanese restaurant, the corner barber shop and the liquor store had once stood near his home.

"I just cried," he said.

"People around here, they don't say it was a riot," Mr. Frye said. "They call it the Watts revolt. A riot is just a bunch of crazy folk going crazy without reason. A revolt means overthrow and change."

Watts resident, said recently, as he talked with friends in front of an apartment house on Watt's main street, Central Avenue.

Mr. Randolph said he did not remember the rioting, which occurred when he was 8. He said he knows, however, that he is doing no better than his parents did then, because of what he termed "the cost of living going up like crazy."

He has worked as a warehouse laborer and as a janitor for day-care centers, but he said he has not had any work for six or seven years.

"I've been on hold for a long time now," Mr. Randolph said. "I'll be 29 next month, and my good thing ain't come around right now."

Michael McClister, 30, has been luckier. He earns \$7.60 an hour as a housekeeping porter at a hospital north of downtown Los Angeles. He said getting to work requires a bus trip of as long as two hours each way from Watts.

The biggest problem in Watts today is drugs, Mr. McClister said.

Watts continues to grow 10 percent a year.

Many schools in the neighborhood are overcrowded and run year-round sessions. Hundreds of classrooms have been staffed with a series of temporary teachers each semester and many veteran teachers have refused assignments to Watts.

Tolled by the Watts rebellion and other urban violence around the United States, officials at the local, state, and federal level unleashed a series of studies, experiments, and programs aimed at remedying the ills that afflicted poor urban neighborhoods.

But in the view of many inside and outside the Watts community, those efforts from the beginning failed to commit the necessary resources, planning, or accountability measures.

"It was a false and empty promise," said Dr. Alvin F. Poussaint, an associate professor of psychiatry at the Harvard Medical School, who had been affiliated with the University of California at Los An-

gels until shortly before the rioting erupted.

"Programs have to be permanent; you can't job-train temporarily and then leave and expect people to have job training," Dr. Poussaint said. "Without capital that you're willing to invest, there's nothing you can do in these communities. The federal government, the states and cities are not willing, and now they're retrenching."

The city-county report also examined the official response to the recommendations made by a commission appointed by Governor Edmund G. Brown in the aftermath of the disturbances. Although job training was a key recommendation of that commission, the 1985 report found that not one comprehensive job training or placement program is operating in the area today. "Coordination of existing programs is described as poor," the 1985 report added.

"There ain't no middle class right now — either you're up or you're down," Duane Randolph, a

## New Court Tackles Domestic Violence In Chicago Experiment, Victims Learn of Their Rights

By Jillian Mincer  
New York Times Service

CHICAGO — Nearly 4,000 women have sought help in the last year and a half at an experimental criminal court here for cases of domestic violence.

Other American cities, including Philadelphia and Seattle, have established civil courts that deal exclusively with domestic violence, but the court in Chicago is believed to be the only one in the United States that is part of a criminal court system.

Proponents say a separate court is needed because judges and prosecutors in the criminal court system frequently fail to inform victims of their rights under the state's domestic violence law and do not pursue such cases.

Margaret A. Luft, director of the Women Abuse Action Project, a coalition of social service agencies working to reduce domestic violence, said: "We felt the law was no more than a piece of paper because it was being ignored by the responsible entities. Most battered women had little or no information about how it worked or where they could get help."

The Illinois domestic violence law, enacted three years ago, enables men, women and children who are victims of domestic violence to seek an order forbidding further violence and temporarily barring the offender from the home. Violation of the order could mean as much as a year in jail.

Ora Schub, a lawyer with the Legal Assistance Foundation of Chicago, said it would have been too expensive to monitor domestic violence cases in each criminal court. Instead, a central court was established in which judges and prosecutors would be better informed about the law and victims would be given legal help.

Almost all of those who have used the court are women. They are guided through the process by court employees trained to assist victims of domestic violence. These advocates refer them to social service agencies and explain legal options. Prosecutors are assigned if the victims decide to press charges or seek legal protection.

Local judges, lawyers and victims have praised the new system.

Local judges, lawyers and victims have praised the new system.

Local judges, lawyers and victims have praised the new system.



**SUPPORT FOR THE CHIEF** — President Ronald Reagan reaches for his wife, Nancy, as they board a marine helicopter in Washington on the way to a California vacation. He is convalescing from cancer surgery.

## Soviet Hails 1970 Pact, Warns Bonn

Reuters

MOSCOW — The Soviet Union mixed praise with criticism in messages to Bonn Monday marking the 15th anniversary of a treaty that laid the basis for West Germany's improved relations with Eastern Europe.

Messages from the Soviet leadership to Chancellor Helmut Kohl and President Richard von Weizsäcker, recalling the signing in 1970 of a nonaggression treaty, said that the Soviet Union favored the improved ties.

The messages made it clear, however, that the Kremlin would continue to oppose any moves toward reunification of the Germans.

Soviet press commentators attacked Mr. Kohl's government for its support of Washington's policy on missiles in Western Europe and President Ronald Reagan's plans for a space-based missile defense shield. The commentators also criticized Bonn's rejection of proposals for a mutual nuclear test ban.

The 40th anniversary of the end of World War II has caused strains

between Bonn and Moscow. The Soviet Communist Party newspaper Pravda said Monday that present Bonn policies showed traces of the "activity of those who did not learn the lessons of the war."

Another newspaper, Selskaya Zhizn, or Rural Life, said that relations had deteriorated since Chancellor Kohl's Christian Democrats had come to power, and it accused him of "borrowing the American approach" toward Eastern Europe.

A telegram from Mikhail S. Gorbachev, the Soviet leader, to Willy Brandt, the West German Social Democratic Party leader, who was chancellor at the time of the treaty, praised his "personal contribution" to the accord and said Moscow was prepared to take practical steps to improve trust and cooperation.

Pravda published the text of the messages on its front page, an indication of the importance the Soviet government puts on relations with West Germany.

Pravda said the 1970 treaty was an example for future accords, in that it showed what could be

achieved against strong odds if the right political will was present.

"Enormous gulfs had to be overcome — of alienation, mistrust and prejudices," Pravda said. "It was necessary to demonstrate not only good will but also political courage, realism and farsightedness."

Both the Soviet messages and commentaries, however, stressed that acceptance of the present frontiers in Europe was the basis of the treaty, and as was important as the agreement not to use force or threat of force to bring about change.

Pravda noted that the border between East Germany and West Germany was included in those that Bonn recognized and accepted as inviolable.

## New List Issued Of Tainted Wines

Reuters

BONN — The West German Health Ministry announced Monday that it had more than doubled the list of wines found contaminated with the antifreeze chemical diethylene glycol to 630, nearly all of them Austrian.

A spokesman said the ministry was issuing a 63-page list including 803 doctored Austrian and 27 West German wines. The list may be requested by dealers and consumers, he said.

Diethylene glycol can damage the brain and kidneys and is potentially fatal. In Austria, 39 persons have been arrested in connection with the scandal.

## Vassalo e Silva, 86, Dies; General Defied Lisbon

Reuters

LISBON — General Manuel Antonio Vassalo e Silva, 86, last governor general of Portuguese India, died Sunday in Lisbon.

General Vassalo e Silva defied an order by Portugal's prime minister, Antonio de Oliveira Salazar, to fight to the end against 45,000 Indian soldiers surrounding the Portuguese colonial enclaves of Goa, Daman and Diu in December 1961 and surrendered with his garrison of 3,000. He was expelled from the army but after the April 1974 revolution that restored democracy he was readmitted for his moral courage in taking the responsibility for surrendering.

**Other deaths:** Ida Pruitt, 96, a writer and medical social worker who trained China's first modern caseworkers and spent her life promoting Chinese-American understanding, in Philadelphia.

Kenneth Ernst, 67, an artist and creator of the popular comic strip "Mary Worth," Aug. 6 in Salem, Oregon.

Max Krook, 72, a retired professor of applied mathematics and astrophysics at Harvard University, Aug. 4 in Arlington, Massachusetts.

Richard Abler, 63, the song writer and composer, Friday in Scarsdale, New York, following a heart attack.

**Frank Capra Is Hospitalized**

The Associated Press

RANCHO MIRAGE, California — Frank Capra, 88, a movie director who won an Academy Award three times, was in fair condition Monday after being hospitalized with "signs of weakness," a hospital spokesman said.

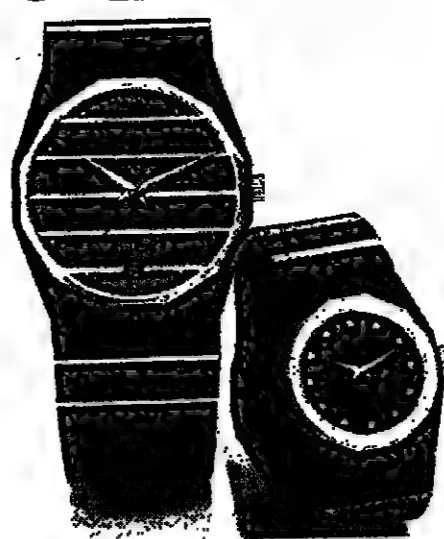


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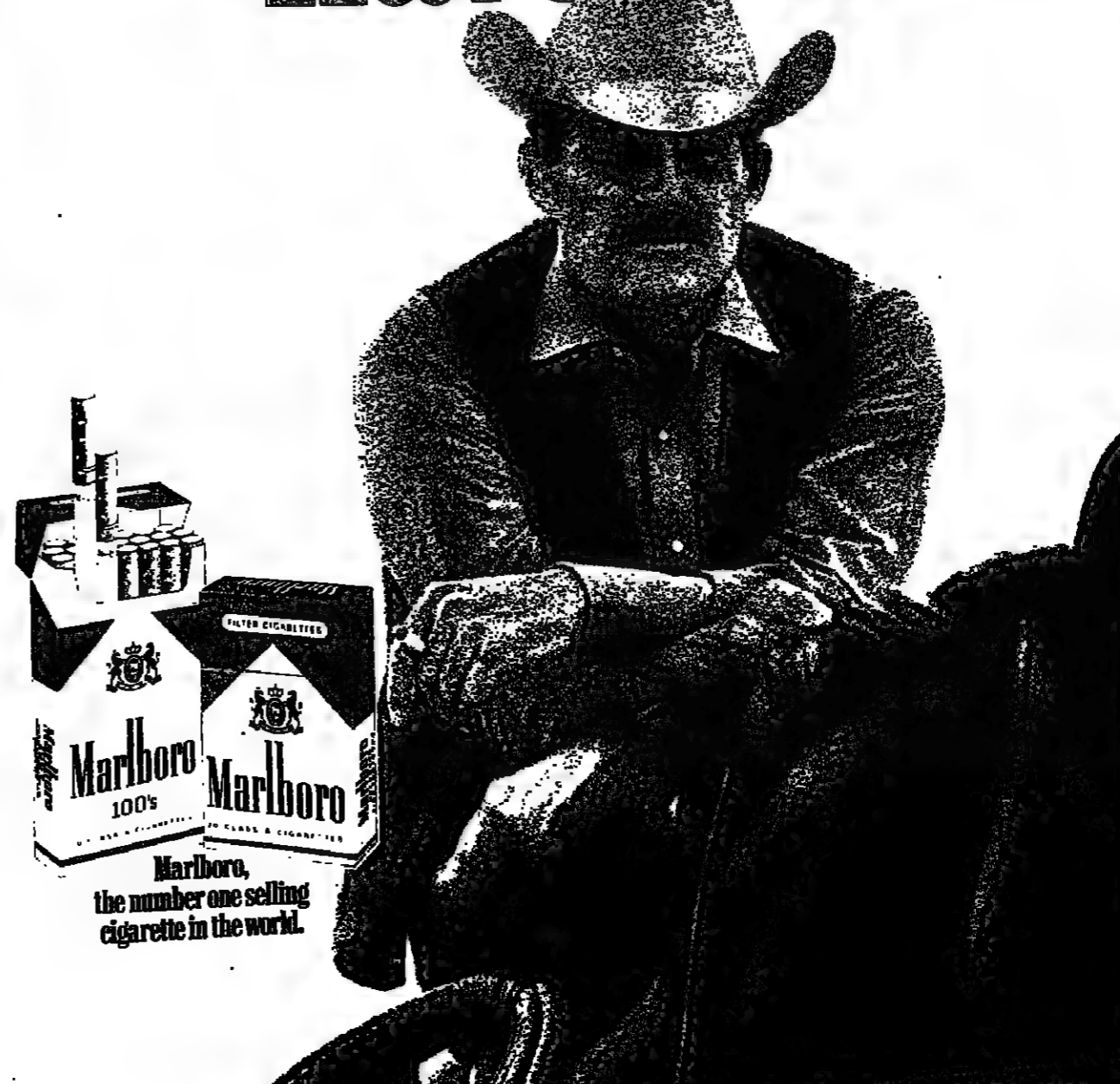
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## Parties Proliferating In Tolerant Atmosphere Of Post-Junta Brazil

By Alan Riding  
New York Times Service

RIO DE JANEIRO — If democracy means the right to form political parties, political freedom is rampant in Brazil. Since the armed forces stepped down in March, 25 new parties have been legalized and more are waiting in the wings.

The five parties permitted to operate in the final stages of the 21-year military dictatorship remain the only ones with widely recognized initials, yet even they are adding to the alphabet soup as dissidents form their own movements.

The result has been confusion, caused not only by the multiplication of parties, but also by the similarity of their names. Six parties describe themselves as "democratic," five refer to "workers" and three use the word "liberal." There is a PRT and a PTR, a Brazilian Communist Party and a Communist Party of Brazil.

In November, the strength of old and new parties will be tested in mayoralty elections in state capitals. As the first elections since the dictatorship ended, they also will gauge the country's thinking before legislative elections next year, and they may even create favorites for the first direct presidential elections since 1960. Those elections are expected to be called in 1988.

"The spontaneous organization of new parties reflects a level of energy that is new," said Candido Mendes, a political scientist. "But is this the best way of channeling the population's aspirations?"

Some experts say they see the phenomenon as a natural reaction to the lifting of a wide range of political controls, including limitations on the right to form parties and strict requirements of party loyalty. Pent-up ambitions and long-proscribed ideas suddenly are being set loose.

Yet the galaxy of new parties also reflects the traditional weakness of Brazil's political movements. Even before the 1964 coup, they were built around regional in-

terests or charismatic individuals rather than clear ideological positions. They rarely displayed much internal democracy, with candidates selected behind the scenes rather than at conventions.

Therefore, it proved easy for the military regime to dismantle the existing parties and decree two new parties — one pro-government, the other in cautious opposition — into existence. As the country prepared to return to democracy in the early 1980s, these two parties were forced to change their names, while three new opposition parties were authorized to run candidates.

By last year, even this structure had begun to disintegrate, with an important faction from the governing Democratic Social Party defecting to a new party, the Liberal Front. This faction in turn backed Tancredino Neves, the Brazilian Democratic Movement's candidate for president, in an electoral college vote seven months ago.

But after Mr. Neves died without taking office and his running mate, José Sarney, became president, the governing coalition began to fall apart as squabbling erupted between and within its two parties. Communist legislators who had been elected in 1982 under the Brazilian Democratic Movement's banner left to form their own bloc.

"The end of restrictions over parties made it more complicated to maintain discipline and order," said Senator Fernando Henrique Cardoso, the government's spokesman in Congress. "Anyone could leave and form his own party."

Aspasia Alcantara de Camargo, a scholar who has written extensively about Brazilian politics, said: "Political parties do not enjoy public credibility. And the standing of Congress is even worse."

Recently, the image of Congress was further bruised when seven members were photographed voting twice on important bills and when they escaped with only a reprimand.



It was raining in Bamenda when Pope John Paul II arrived on Monday and he did not conceal his opinion of the weather.

## Pope Warns Africans on Birth Control

Readers

BAMENDA, Cameroon — Pope John Paul II urged Africans on Monday to ignore ideas from the developed world on limiting the size of families by contraception and abortion.

On a visit to Bamenda, in the English-speaking western part of the country, the pope praised the high value Africans traditionally placed on children.

He said these were threatened by "a powerful anti-life mentality," a term the Roman Catholic Church uses for artificial birth control and abortion.

This mentality, the pope said, is widespread in developed countries and is being passed on to developing nations as if it were the prelude to development and progress.

He warned against "the path of selfish materialism and consumerism which have produced so much suffering in other parts of the world and which you, too, are now beginning to experience."

The church, the pope went on, recognizes the problems of population pressure faced by African countries. He referred to the rhythm method of birth control favored by the Vatican.

Africa has the highest birth rate of any continent and many governments are working with Western aid to spread the techniques of artificial birth control. The church is often criticized for its absolute ban on contraception, especially in light of severe famine in African regions.

## A Lisbon Witness Dies of Wounds

Readers

LISBON — A key witness in the terrorism case against Lieutenant Colonel Otelo Saraiva de Carvalho, a hero of the 1974 revolution, and 51 others linked to a leftist guerrilla group, died Sunday in a hospital of bullet wounds, doctors said.

The witness, José Manuel Rosa Barradas, 34, was shot in an ambush on July 19, three days before the trial was to open. The guerrillas claimed responsibility for the shooting.

Mr. Barradas, one of 73 charged in what has been called Portugal's trial of the century, was among several who had agreed to testify for the prosecution.

A legal battle is expected when the trial resumes Oct. 7, to determine whether the court can admit testimony he gave during preliminary hearings.

## Actor Aids in Surgery On Salvadoran Rebel

By Marjorie Miller  
Los Angeles Times Service

SAN SALVADOR — Mike Farrell, the actor who for eight years played a surgeon in "M\*A\*S\*H," the television comedy set during the Korean War, found himself in a real operating room last week helping a Los Angeles doctor perform surgery on a captured Salvadoran guerrilla commander.

Under heavy police guard, Mr. Farrell and a neurosurgeon, Alejandro Sánchez, worked for two and a half hours to restore use of the right hand of Nidia Diaz, a commander of the Revolutionary Party of Central American Workers, a faction of the Farabundo Martí National Liberation Front.

Miss Diaz was captured after being shot in the arm, foot, back and hand during a guerrilla clash with the Salvadoran Air Force in San Vicente province in April. U.S. human rights activists and doctors examined her soon after she was taken into military custody, and when they found that she had lost the use of her hand, they began to press for the operation.

Miss Diaz first gained international attention when she represented her group in peace talks last October between the Farabundo Martí front and the government of President José Napoleón Duarte. The armed forces announced after she was captured in April that she was carrying important guerrilla documents at the time.

Her guerrilla faction, known by its Spanish initials PRTC, claimed responsibility in June for the shoot-

ing deaths of four U.S. marines and nine civilians at cafés here.

The operation on Miss Diaz was arranged by Medical Aid for El Salvador, a Los Angeles-based organization that provides medical supplies and humanitarian assistance, usually to civilian casualties of the war.

Sand Brim, executive director of Medical Aid, said the group got involved in the Diaz case because they felt she was being denied proper medical treatment.

Mr. Farrell, 46, who has been active in human rights and refugee work in Central America for three years, said he traveled to San Salvador as an observer of the operation for Amnesty International, the London-based human rights organization.

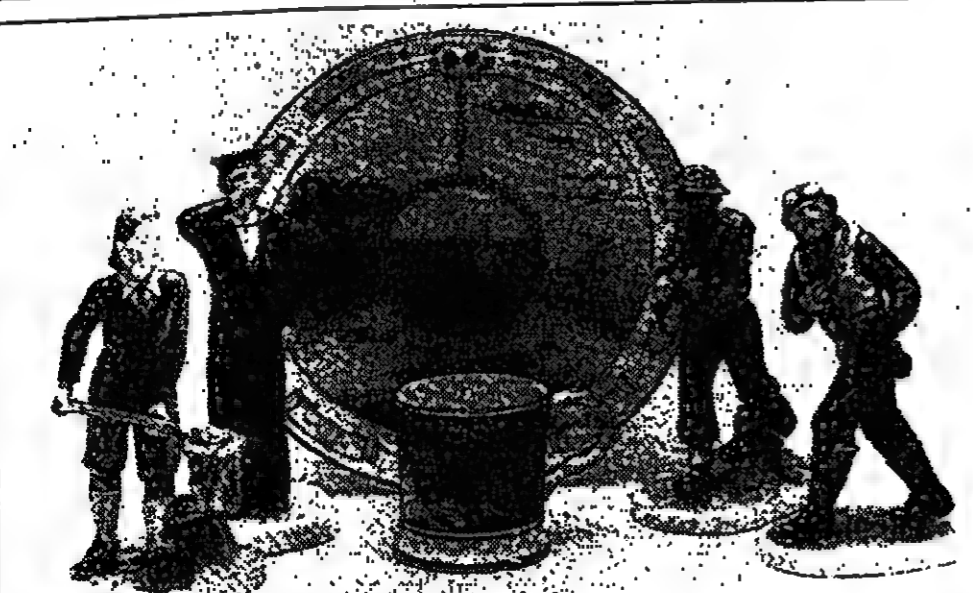
He said he had no medical training and had not intended to participate in the operation, which took place Friday at an unidentified private clinic here.

Mr. Farrell said Dr. Sánchez told him he needed help just before the operation, since the case was "too much of a hot potato" for local surgical aides to handle.

"I know this is going to look like a stunt, but that's too bad," he said. "It isn't."

He said a guard with a surgical mask stayed in the operating room and that several armed guards stood outside.

Major Carlos Aviles, a spokesman for the armed forces, said the operation was successful. Dr. Sánchez could not be reached for comment.



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## Insurgents in Uganda Said to Expand Control

The Associated Press

KAMPALA — Guerrillas who have resisted ending a four-year insurgency, despite the overthrow last month of President Milton Obote, are now in control of most of western Uganda, according to reports received here Monday.

The reports of the rebels' gains came a day before peace talks.

The latest garrisons taken by National Resistance Army guerrillas are in the two largest cities in southwestern Uganda — Mbarara, about 180 miles (288 kilometers) from Kampala, and Kabale, 85 miles further southwest, according to frequent reports that could not be confirmed.

Reliable sources in south-central Uganda, who asked that their names not be used, said other rebel units were converging on Nakaseke, 30 miles north of Kampala, with the apparent intention of establishing a major base.

Both there and in the west, soldiers loyal to the new government were reportedly disarmed with little or no resistance.

Two other western cities with military garrisons, Fort Portal and

Kasese, fell to the rebels before the July 27 coup.

The National Resistance Army, led by a former defense minister, Yoweri Museveni, is the largest of several guerrilla groups that had been fighting Mr. Obote's forces.

Lieutenant General Tito Okello, the new head of state and chairman of the military council, announced Saturday that he and other leaders would go to Tanzania for talks with Mr. Museveni on Tuesday.

The guerrillas have said repeatedly they are willing to discuss power-sharing arrangements. Their principal condition — based on a refusal to recognize the new government — was that General Okello present himself only as army chief, not as head of state.

In another development, a Roman Catholic newspaper, Munno, reported that at least five persons were killed in a weekend of looting.

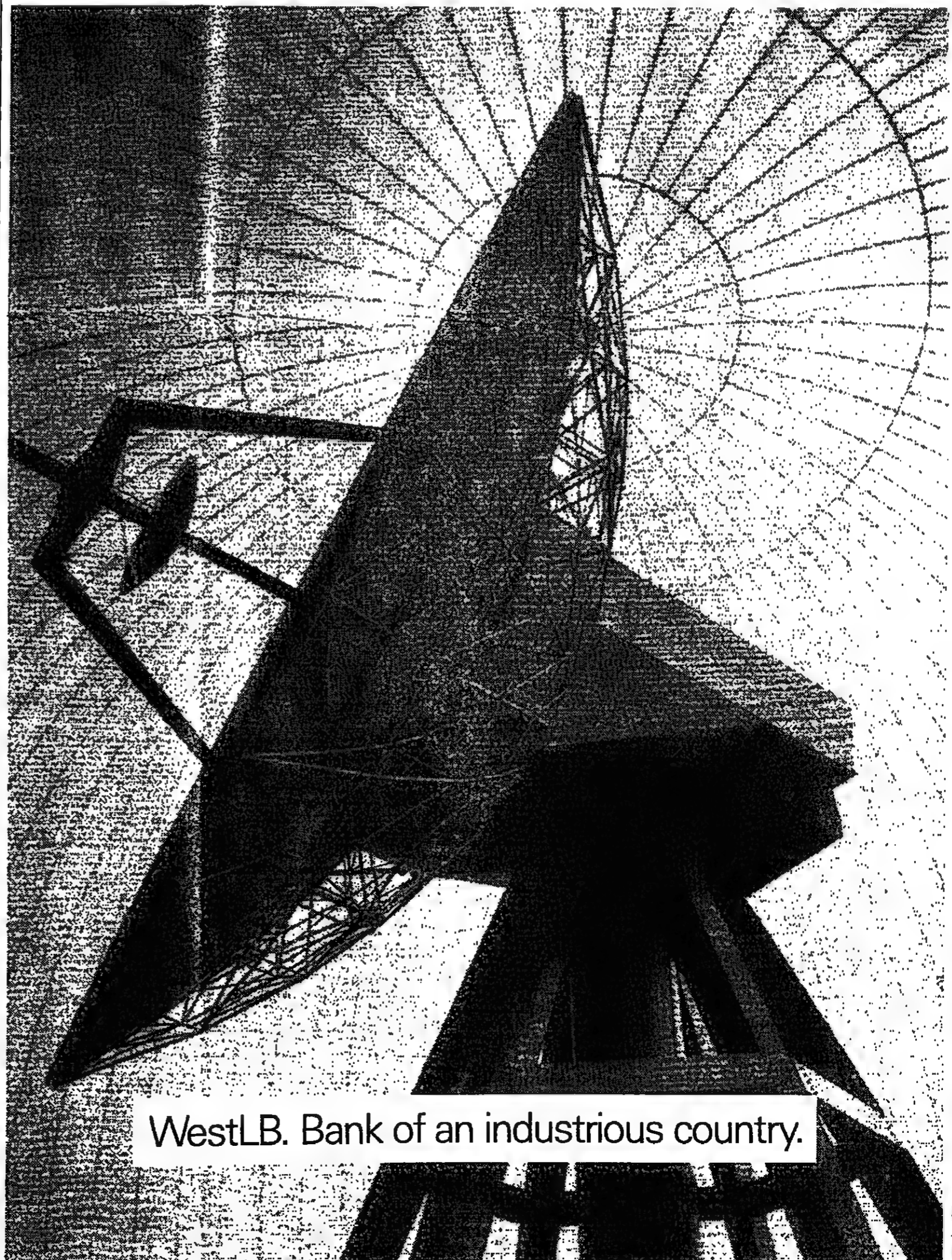
The incident occurred Saturday night and early Sunday in Jinja, Uganda's second-largest city, when soldiers fired into the air and then set upon people who had gathered to welcome Yoweri Museveni, a former transport minister who had been freed from detention.

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For full details, please contact: Tribune Conference Office, 181 Avenue of the Americas, 92521 Neuilly Cedex, France. Telephone: (33-1) 747-12-65, Ext. 456.

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3 3/8	4 3/8	3 3/8	4 3/8	3 3/8	4 3/8	3 3/8	4 3/8
3 1/2	4 1/2	3 1/2	4 1/2	3 1/2	4 1/2	3 1/2	4 1/2
3 5/8	4 5/8	3 5/8	4 5/8	3 5/8	4 5/8	3 5/8	4 5/8
3 3/4	4 3/4	3 3/4	4 3/4	3 3/4	4 3/4	3 3/4	4 3/4
3 7/8	4 7/8	3 7/8	4 7/8	3 7/8	4 7/8	3 7/8	4 7/8
4	5	4	5	4	5	4	5
4 1/8	5 1/8	4 1/8	5 1/8	4 1/8	5 1/8	4 1/8	5 1/8
4 1/4	5 1/4	4 1/4	5 1/4	4 1/4	5 1/4	4 1/4	5 1/4
4 3/8	5 3/8	4 3/8	5 3/8	4 3/8	5 3/8	4 3/8	5 3/8
4 1/2	5 1/2	4 1/2	5 1/2	4 1/2	5 1/2	4 1/2	5 1/2
4 5/8	5 5/8	4 5/8	5 5/8	4 5/8	5 5/8	4 5/8	5 5/8
4 3/4	5 3/4	4 3/4	5 3/4	4 3/4	5 3/4	4 3/4	5 3/4
4 7/8	5 7/8	4 7/8	5 7/8	4 7/8	5 7/8	4 7/8	5 7/8
5	6	5	6	5	6	5	6
5 1/8	6 1/8	5 1/8	6 1/8	5 1/8	6 1/8	5 1/8	6 1/8
5 1/4	6 1/4	5 1/4	6 1/4	5 1/4	6 1/4	5 1/4	6 1/4
5 3/8	6 3/8	5 3/8	6 3/8	5 3/8	6 3/8	5 3/8	6 3/8
5 1/2	6 1/2	5 1/2	6 1/2	5 1/2	6 1/2	5 1/2	6 1/2
5 5/8	6 5/8	5 5/8	6 5/8	5 5/8	6 5/8	5 5/8	6 5/8
5 3/4	6 3/4	5 3/4	6 3/4	5 3/4	6 3/4	5 3/4	6 3/4
5 7/8	6 7/8	5 7/8	6 7/8	5 7/8	6 7/8	5 7/8	6 7/8
6	7	6	7	6	7	6	7
6 1/8	7 1/8	6 1/8	7 1/8	6 1/8	7 1/8	6 1/8	7 1/8
6 1/4	7 1/4	6 1/4	7 1/4	6 1/4	7 1/4	6 1/4	7 1/4
6 3/8	7 3/8	6 3/8	7 3/8	6 3/8	7 3/8	6 3/8	7 3/8
6 1/2	7 1/2	6 1/2	7 1/2	6 1/2	7 1/2	6 1/2	7 1/2
6 5/8	7 5/8	6 5/8	7 5/8	6 5/8	7 5/8	6 5/8	7 5/8
6 3/4	7 3/4	6 3/4	7 3/4	6 3/4	7 3/4	6 3/4	7 3/4
6 7/8	7 7/8	6 7/8	7 7/8	6 7/8	7 7/8	6 7/8	7 7/8
7	8	7	8	7	8	7	8
7 1/8	8 1/8	7 1/8	8 1/8	7 1/8	8 1/8	7 1/8	8 1/8
7 1/4	8 1/4	7 1/4	8 1/4	7 1/4	8 1/4	7 1/4	8 1/4
7 3/8	8 3/8	7 3/8	8 3/8	7 3/8	8 3/8	7 3/8	8 3/8
7 1/2	8 1/2	7 1/2	8 1/2	7 1/2	8 1/2	7 1/2	8 1/2
7 5/8	8 5/8	7 5/8	8 5/8	7 5/8	8 5/8	7 5/8	8 5/8
7 3/4	8 3/4	7 3/4	8 3/4	7 3/4	8 3/4	7 3/4	8 3/4
7 7/8	8 7/8	7 7/8	8 7/8	7 7/8	8 7/8	7 7/8	8 7/8
8	9	8	9	8	9	8	9
8 1/8	9 1/8	8 1/8	9 1/8	8 1/8	9 1/8	8 1/8	9 1/8
8 1/4	9 1/4	8 1/4	9 1/4	8 1/4	9 1/4	8 1/4	9 1/4
8 3/8	9 3/8	8 3/8	9 3/8	8 3/8	9 3/8	8 3/8	9 3/8
8 1/2	9 1/2	8 1/2	9 1/2	8 1/2	9 1/2	8 1/2	9 1/2
8 5/8	9 5/8	8 5/8	9 5/8	8 5/8	9 5/8	8 5/8	9 5/8
8 3/4	9 3/4	8 3/4	9 3/4	8 3/4	9 3/4	8 3/4	9 3/4
8 7/8	9 7/8	8 7/8	9 7/8	8 7/8	9 7/8	8 7/8	9 7/8
9	10	9	10	9	10	9	10
9 1/8	10 1/8	9 1/8	10 1/8	9 1/8	10 1/8	9 1/8	10 1/8
9 1/4	10 1/4	9 1/4	10 1/4	9 1/4	10 1/4	9 1/4	10 1/4
9 3/8	10 3/8	9 3/8	10 3/8	9 3/8	10 3/8	9 3/8	10 3/8
9 1/2	10 1/2	9 1/2	10 1/2	9 1/2	10 1/2	9 1/2	10 1/2
9 5/8	10 5/8	9 5/8	10 5/8	9 5/8	10 5/8	9 5/8	10 5/8
9 3/4	10 3/4	9 3/4	10 3/4	9 3/4	10 3/4	9 3/4	10 3/4
9 7/8	10 7/8	9 7/8	10 7/8	9 7/8	10 7/8	9 7/8	10 7/8
10	11	10	11	10	11	10	11
10 1/8	11 1/8	10 1/8	11 1/8	10 1/8	11 1/8	10 1/8	11 1/8
10 1/4	11 1/4	10 1/4	11 1/4	10 1/4	11 1/4	10 1/4	11 1/4
10 3/8	11 3/8	10 3/8	11 3/8	10 3/8	11 3/8	10 3/8	11 3/8
10 1/2	11 1/2	10 1/2	11 1/2	10 1/2	11 1/2	10 1/2	11 1/2
10 5/8	11 5/8	10 5/8	11 5/8	10 5/8	11 5/8	10 5/8	11 5/8
10 3/4	11 3/4	10 3/4	11 3/4	10 3/4	11 3/4	10 3/4	11 3/4
10 7/8	11 7/8	10 7/8	11 7/8	10 7/8	11 7/8	10 7/8	11 7/8
11	12	11	12	11	12	11	12
11 1/8	12 1/8	11 1/8	12 1/8	11 1/8	12 1/8	11 1/8	12 1/8
11 1/4	12 1/4	11 1/4	12 1/4	11 1/4	12 1/4	11 1/4	12 1/4
11 3/8	12 3/8	11 3/8	12 3/8	11 3/8	12 3/8	11 3/8	12 3/8
11 1/2	12 1/2	11 1/2	12 1/2	11 1/2	12 1/2	11 1/2	12 1/2
11 5/8	12 5/8	11 5/8	12 5/8	11 5/8	12 5/8	11 5/8	12 5/8
11 3/4	12 3/4	11 3/4	12 3/4	11 3/4	12 3/4	11 3/4	12 3/4
11 7/8	12 7/8	11 7/8	12 7/8	11 7/8	12 7/8	11 7/8	12 7/8
12	13	12	13	12	13	12	13
12 1/8	13 1/8	12 1/8	13 1/8	12 1/8	13 1/8	12 1/8	13 1/8
12 1/4	13 1/4	12 1/4	13 1/4	12 1/4	13 1/4	12 1/4	13 1/4
12 3/8	13 3/8	12 3/8	13 3/8	12 3/8	13 3/8	12 3/8	13 3/8
12 1/2	13 1/2	12 1/2	13 1/2	12 1/2	13 1/2	12 1/2	13 1/2
12 5/8	13 5/8	12 5/8	13 5/8	12 5/8	13 5/8	12 5/8	13 5/8
12 3/4	13 3/4	12 3/4	13 3/4	12 3/4	13 3/4	12 3/4	13 3/4
12 7/8	13 7/8	12 7/8	13 7/8	12 7/8	13 7/8	12 7/8	13 7/8
13	14	13	14	13	14	13	14
13 1/8	14 1/8	13 1/8	14 1/8	13 1/8			

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The sixth annual International Herald Tribune Daily Conference on "Oil and Money in the Wake" will take place on October 24 and 25 in London.

This year's conference is "Surviving in a volatile environment." The program, designed for all levels in energy and related fields, will address the current energy situation and assess the future. Key speakers will include:

- Minister Subroto, Minister of Mines and Energy, Government of India
- Honorable John S. Herrington, United States Representative
- Allen E. Murray, President, Mobil Oil Corp.
- Arve Johnsen, President, Statoil and The Norwegian Petroleum Company
- M.P. Moore, Financial Secretary to the United Kingdom.

For more details, please contact the International Herald Tribune Conference Office, 181 Avenue Charles-de-Gaulle, 92000 Neuilly-sur-Seine, France.

(1) 747-12-45, Ext. 4568. Telex: 613595.

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# Earnings

Revenues and profits, in millions  
Annual currency's unless otherwise  
indicated

Sweden		Asea	
Half	1985	Half	1985
Revenue	12,186	Revenue	12,186
Net	1,292	Net	1,292

## United States

Atlantic Federal 5 & 8	
Clear	1985
Income	1,071
Share	0.71
Half	1985
Revenue	0.48
Income	0.30

20 stores include Walldorfs of \$2.5 million and 100 stores of \$1.2 million

## Wal-Mart Stores

Clear	1985
Revenue	1,501
Income	1,351
Share	0.87
Half	1985
Revenue	1,501
Income	1,351
Share	0.87

YOUR GUIDE TO DINING IN  
PATRICIA WEISS  
IN FIVE DAYS AND 50 CENTS  
OFF THE MEAT

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(Incorporated with limited liability and established at Amsterdam in the Netherlands on 30th July, 1975)









